

Norman N. Kinel
Terence D. Watson
Timothy A. Solomon
DREIER LLP
499 Park Avenue
New York, New York 10022
Tel.: (212) 328-6100
Fax: (212) 328-6101

Attorneys for the Official Committee of Unsecured
Creditors of 360networks (USA) inc., et al., and the
Estates of 360networks (USA) inc., et al.

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

-----	X	
IN RE:	:	Chapter 11
	:	
DJK Residential LLC, <u>et al.</u> ,	:	Case No. 08-10375 (JMP)
	:	
Debtors.	:	Jointly Administered
-----	X	

**PRELIMINARY OBJECTION OF THE 360NETWORKS
COMMITTEE TO CONFIRMATION OF THE DEBTORS'
PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT**

The Official Committee of Unsecured Creditors of 360networks (USA) inc., *et al.*, on behalf of itself and 360networks (USA) inc. and its debtor subsidiaries (collectively, the “360networks Committee”), the holder of an unliquidated claim against one of the above-captioned debtors (the “Debtors”) estimated to be in excess of \$2.2 million,¹ by and through its

¹ The 360networks Committee holds an unliquidated claim against Debtor SIRVA Relocation LLC resulting from an action captioned “The Official Committee of Unsecured Creditors of 360networks (USA) inc. *et al.* v. U.S. Relocation Services, Inc.,” under Adv. Pro. No. 03-03127 (ALG) pending before Judge Allan L. Gropper in the United States Bankruptcy Court for the Southern District of New York (the “Preference Action”). In the Preference Action, the 360networks Committee, on behalf of itself and 360networks (USA) inc., 360fiber inc. and their debtor subsidiaries are seeking the avoidance, recovery and return, from defendant U.S. Relocation Services, Inc. (“U.S. Relocation”), now allegedly known as Sirva Relocation LLC, one of the Debtors herein, of \$1,863,014.09 in preferential transfers (the “Transfers”) made by 360 to U.S. Relocation, plus prejudgment interest at the highest applicable rate from March 26, 2002 (the date upon which the demand was first made for the return of the Transfers),

Footnote Cont’d

undersigned counsel, herby files this preliminary Objection (the “Preliminary Objection”) to confirmation of the “Debtors’ Prepackaged Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code” (Doc. No. 31), (the “Proposed Plan”) and “Disclosure Statement for the Debtors’ Prepackaged Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code” (Doc. No. 32) (the “Disclosure Statement”). In support of the Preliminary Objection, the 360networks Committee respectfully states as follows:

1. The Proposed Plan cannot be confirmed because its terms violate multiple provisions of Chapter 11 of Title 11 of the United States Code, including, but not limited to, those set forth in the 360networks Committee’s “Motion to Reconsider or Vacate Order Authorizing Payment of Certain Prepetition Unsecured Claims” (Doc. Nos. 96-98, 137), which is fully incorporated herein by reference. In addition, the 360networks Committee objects to the Disclosure Statement because, among other things, it contains inadequate information and is being proposed in connection with an unconfirmable plan of reorganization.

2. Pursuant to, among other things, the Debtors’ “Notice of Rescheduled Combined Hearing on the Adequacy of the Debtors’ Disclosure Statement and Confirmation of the Debtors’ Prepackaged Plan of Reorganization” (Doc. No. 225) (the “Notice”), the 360networks expressly reserves all rights, which it fully intends to exercise, to supplement this Preliminary Objection with a detailed objection by the deadline set forth in the Notice, or any extended deadline, and following the completion of all necessary discovery.

plus sanctions in connection with counsel for U.S. Relocation’s conduct in defending the Preference Action, for a total claim against U.S. Relocation (now known as Sirva Relocation LLC) well in excess of \$2 million. The Preference Action, prior to it being stayed by the commencement of the within bankruptcy proceedings, had been *sub judice* with Bankruptcy Judge Gropper on fully-briefed cross-motions for summary judgment.

CONCLUSION

WHEREFORE, the 360networks Committee respectfully requests entry of an order denying confirmation of the Proposed Plan, together with as such other and further relief as the Court may deem just and proper.

Dated: New York, New York
March 11, 2008

DREIER LLP

By: /s/ Norman N. Kinel

Norman N. Kinel
Terence D. Watson
Timothy A. Solomon
499 Park Avenue
New York, New York 10022
Tel.: (212) 328-6100
Fax: (212) 328-6101

*Attorneys for the Official Committee of Unsecured
Creditors of 360networks (USA) inc., et al., and the
Estates of 360networks (USA) inc., et al.*